COMPLIANCE OF ACCOUNTING STANDARDS IN CENTRAL HIGHER EDUCATIONAL INSTITUTIONS IN INDIA

A

Synopsis

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COMPLIANCE OF ACCOUNTING STANDARDS IN CENTRAL HIGHER EDUCATIONAL INSTITUTIONS IN INDIA

In order to ensure transparency, uniformity, consistency, comparability, adequacy and reliability of financial reporting, it is necessary to standardize the accounting principles and policies. Accounting Standards are the statements of code of practice made by the governing accounting bodies, which have to be followed in the formulation and presentation of financial statements. Therefore the main purpose of Accounting Standards is consequently, to reduce the accounting alternatives in the formulation of financial statements, thereby ensuring comparability of financial statements of different organisations. Each nation has its own Accounting Standards and Accounting Standards issuing body. The Institute of Chartered Accountants of India (ICAI) is the issuing body of Accounting Standards in India. At current there are 32 Accounting Standards (AS 8, Accounting for Research and Development is not in force).

Higher Education

Study over and above the level of secondary education is called higher education. Institutions of higher education include not just universities and colleges but also professional schools in such fields as commerce, legal philosophy, divinity, medicine, business, music, graphics etc. Higher education offers a route to explore individual's ideas and opinions. Higher education helps in developing the mental capabilities of a person, as well as improving an individual's quality of liveliness. India's higher education system is the third biggest in the world, next to the United States and China. The principle governing body is the University Grants Commission (UGC), which enforces its standards and advises the government.

Central Higher Educational Institutions

A Central University in India founded by an Act of Parliament and are under the invigilation of the Department of Higher Education in the Union Human Resource Development Ministry. In simple words, universities/institutions in India are recognized by the University Grants Commission (UGC), which get its power from the University Grants Commission Act, 1956. Central higher educational institutions/universities, in addition, are covered by the Central

Universities Act, 2009, which regulates their purpose, powers governance etc. According to UGC there are 45 central universities and approximately 147 central institutes funded by Central Government of India.

Universities	Total number
Central Universities	45
Deemed to be Universities	128
State Universities	325
Private Universities	195
Total	693

(The figures as on 26.11.2014 are taken from UGC report)

Generally the higher educational institutions of India, follows diverse Accounting practices according to the requirements of the various laws such as Indian Trust Act, 1882, various State Trust Act, Societies Registration Act, 1860 etc., because of these practices the financial statements of these institution does not show a real picture of the state of affairs.

Government provides a huge amount to the educational institutions in the form of financial aids and incentives so, a great need is felt by the Government to know the functions of financial resources but the present accounting and financial reporting system of higher educational institutions does not fulfill the accountability concern of the donors, Government, other stake holders i.e. management, members, governing board, general public etc.

Higher educational institutions follow different accounting practices as well as different basis of accounting i.e. cash basis and accrual basis of accounting.

BASIS OF ACCOUNTING

The term ‘basis of accounting’ refers to the timing of recognition of revenue, disbursement, assets and liabilities in accounts. The generally there are two bases of accounting:

Cash basis of accounting

Under the cash basis of Accounting, the revenues are reported on the income statement in the period in which the cash is received. Consequently, the revenue of educational Institutions, such as donations, grants and so on, is recognised when funds are actually met. In the same way, Expenses are reported on the income statement when the cash is paid out. Thus, expenses on attainment and maintenance of assets, salary of employee and other items are recorded on the income statement when the related payments are actually made.

Accrual basis of Accounting

Under the accrual basis of Accounting, the revenues are reported on the income statement when they are earned—which frequently happens prior the cash is received. Similarly, Expenses are reported on the income statement in the period when they occur or when they expire—which is often in a period different from when the payment is made.

Accrual is the scientific basis of accounting and has conceptual superiority over the cash basis of accounting. The accrual basis of accounting gives a better picture of an entity's financial position during an accounting period. Due to the superiority and scientific basis of accounting, it is suggested by ICAI to educational institutions to maintain their books of account on accrual basis.

Educational sector in India follows various Statutes and Legislations so; there is no uniformity in formulation and presentation of financial statements due to which the financial statements of different educational institutions are not comparable. Thus a great need was felt to improve accounting and financial reporting practices in educational institutions.

A meeting was conducted with Shri Kapil Sibal, Minister for Human Resource Development, Government of India in January, 2011 where Ms. Vibha Puri Das, Secretary, Higher Education and Ms. Anshu Vaish, Secretary, School Education and Literacy were also presents the purpose of the meeting was to discuss the implementation of accounting Standards in all educational institutions.

To overcome this restraint, MHRD gave the responsibility to prepare the report on common accounting standards for educational institutions to one of the prime body of accounting, Institute of Chartered Accountants of India (ICAI).

Uniform Accounting Standards for Higher Educational Institutions proposed by THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA (ICAI)

The Institute of Chartered Accountant of India has recommended Accounting Standards for the Educational Institutions of India so that, the Educational Institutions follow standard for the preparation and presentation of financial statement. The financial information is needed by a wide range of users. Usually the users have to depend upon the financial statements as their main source of financial information

List of Accounting Standards issued by the ICAI

Accounting Standards	Title
1	Disclosure of Accounting Policies
2	Valuation of Inventories
3	Cash Flow Statement
4	Contingencies and Events occurring after the Balance Sheet Date
5	Net Profit or Loss for the period, prior period items and changes in Accounting Policies
6	Depreciation Accounting
7	Accounting for Construction Contracts
9	Revenue Recognition
10	Accounting for Fixed Assets
11	Accounting for the effect of changes in Foreign Exchange rates
12	Accounting for Government Grants
13	Accounting for Investments
14	Accounting for Amalgamations
15	Accounting for Retirement Benefits in the Financial Statements of Employers
16	Borrowing Costs

17	Segment Reporting
18	Related Party Disclosures
19	Leases
20	Earnings per share
21	Consolidated Financial Statements
22	Accounting for Taxes on Income
23	Accounting for investment in Associates in Consolidated Financial Statements
24	Discontinuing operations
25	Interim Financial Reporting
26	Intangible Assets
27	Financial Reporting of Interests in Joint Venture
28	Impairment of Assets
29	Provisions Contingent Assets and Contingent liabilities
30	Financial Instruments: Recognition and Measurement
31	Financial Instruments: Presentation
32	Financial Instruments: Disclosure

ICAI has suggested that the following Accounting Standards may not be relevant to higher educational institutions. However, it is recommended that higher educational institutions should follow such Accounting Standards to the extent applicable to them:

(AS 7) Accounting for Construction Contracts

(AS14) Accounting for Amalgamations

(AS 20) Earnings per share

(AS 21) Consolidated Financial Statements

(AS 22) Accounting for Taxes on Income

(AS 23) Accounting for investment in Associates in Consolidated Financial Statements

(AS 24) Discontinuing operations

(AS 25) Interim Financial Reporting

(AS 27)Financial Reporting of Interests in Joint Venture

The Group considered the Common Format of Accounts issued for all central autonomous organisations/institutions by the Department of Secondary and Higher Education, Ministry of Human Resource Development, Government of India vide its letter No.8-2/2012-UIA dated 7th February, 2012 to bring uniformity and transparency in their accounts.

The Group has recommended that all higher educational institutions are mandated to apply accrual basis of accounting; Accounting Standards issued by the ICAI made mandatory to educational institutions; Fund based accounting may be introduced for Earmarked / Designated Funds; All higher educational institutions should follow a common format for presentation of its general purpose financial statements to ensure proper accountability, financial discipline, end-use of funds and to meet the needs of stakeholders. The accounting standards should enable the society, the student and the citizen: -

I. To define transparently the revenue earned through various sources – tuition fees and other charges, income from consultancy or from intellectual property owned by the institution (for higher educational institutions) etc.;

II. To recognize segment reporting of accounts (each school under the same institution being considered as a separate segment for accounting purposes);

III. To recognize costs and revenue separately for UG and PG programmes and for research and teaching activities;

IV. To define relevant financial ratios derived from accounts for inter se comparison on research to total expenditure, income from fees to total income, salary expenditure to total expenditure etc. These ratios could enable greater understanding of funding needs especially in respect of government funding.

V. To identify if surpluses are being generated and the manner in which the surpluses are utilized or invested;

VI. To disclose related party transactions;

On 19 January 2012 a report on Implementation of Accounting Standards in Educational Institutions of Department of Higher Education, Ministry of Human Resource Development was presented to Shri Kapil Sibal, Union Minister for Human Resource Development by CA. G Ramaswamy, President, ICAI and CA. Jaydeep N Shah, Vice- President, ICAI. The accounting

standards made applicable from the financial year 2013-14 to all Central Higher Educational Institutions, universities under the regulatory ambit of UGC or receiving grants from UGC, technical institutions under regulatory ambit of AICTE, teacher education institutions under the regulatory ambit of NCTE and schools affiliated to CBSE.

Review of Literature

A literature review is an explanation of what has been already done or published on any research topic. A literature review aims to review the critical points of current knowledge. A literature review provides researchers easy access to research on a particular topic.

The researcher has gone through many researches (national and international), but no research has been found on this topic. As far as we talk about compliance of Accounting Standard in Educational Institutions/University there are only two researches viz. **Iuliana Cenar, (2011)** examined "Financial reporting in education institutions the implications of the transition to accrual accounting" and **Saman Mohammadi, Mohamahhadi Maher and Sahar Zare, (2012)** investigated "Implementation of full accrual basis in governmental organizations (Case Study: Shiraz University of Technology, Iran)". If we talk about compliance of Accounting Standards in other sectors (Banking, Insurance, companies etc.), there are many studies.

National Reviews

- **Dr.K.Shankaraiah and D.N. Rao, (2003)** has conducted study on "Corporate Governance and Accounting Standards in India: an empirical study on practices". The main focus of the study is, to check the completion of Accounting Standards by the selected companies and their practices in India. For the purpose of study 40 Indian companies has been selected form top hundred companies and this top list is made on the basis of Assets. For the purpose of data analysis secondary data has been collected from the Annual Report (2001-02) of selected Indian companies and to analyse the data simple percentage method has been used. This study concluded that due to Liberalization policy and internationalization of Indian capital market, there should be fewer gaps between Indian Accounting Standards and International Accounting Standards. Multiplicity of Approaches used for Accounting Standards should be restricted and to follow AS should be made compulsory.

- **M. C. Garg and Divya, (2009)** have done a study on "Accounting Standard Disclosure Compliance in Online Reporting by Indian Companies". The main object of the study is to check the level of compliance of web-based corporate disclosure with the requirements of Indian Accounting Standards (AS). For the purpose of study 200 Indian companies has been selected. This sample has been taken from BSE 200 Index as on January, 15 2007. For the purpose of analysis the researcher has made a worksheet known as Accounting Standards Disclosure Index (ASDI) for deciding the level of disclosure. On the basis of ASDI score this study concludes that 60% of the selected sample has made disclosure of Indian Accounting Standards and 132 companies out of 200 companies are uploading their Annual reports on websites.

- **Sujatha Srinivasan, (2009)** has done a study on "Financial Disclosure in Local Governments: A Comparative Study". This research paper examines the financial reporting and disclosure practices used by the public sector all over the world. The sample of the study is United States, Canada, Australia/New Zealand, Europe, United Kingdom, Germany, France, Spain, and India. A comparative study has been done in this paper and on the basis of that comparative study; this study concludes that in the last two decades accounting reforms took place in the public sector of the world. Whereas countries like US, UK, Canada, Australia and New Zealand have comparatively more transparent disclosure practices than other countries, including India, are fast catching up in introducing reforms that will revamp their public sector reporting and disclosure. Cash accounting has been the norm even in developed countries such as France and Germany and these countries are still in various stages of transition to the accrual accounting system. The Indian government has taken a number of steps in this past decade to introduce more transparency into local government operations. Key reforms include e governance, accrual accounting, model financial statements and training manuals that can be used by all local governments.

- **Rajesh Garg, (2012)** has conducted a study on "Issues & importance of accounting standards in accounting practices". This is a descriptive study which covers many issues some of them are: International harmonisation of accounting standards, issues of accounting

standards, accounting standards-setting process, rationale of accounting standards, compliance with accounting standards etc. The study concludes that in recent business environment, Accounting Standard & Good Corporate Governance practice has gained more significance than ever. Due to incursion technology, political pressure and higher social anticipation globe is a small village for business enterprise. In the circumstances, implementing universal Accounting Standard & Corporate Governance has brought new challenges in place.

- **Telecom Regulatory Authority of India, (2013)** conducted a study on "Implication of Adoption of International Financial Reporting Standards (Converged IND AS) on Indian Telecom Service Sector Companies". The foremost purpose of the paper is to identify the possible impact of implementation of IND AS on the profit and financial position of telecom service sector companies. For identifying these impacts, discussions were held with the following major telecom service sector companies viz Tata Telecom, Bharti Airtel, Idea, Reliance Communications, Vodafone and MTNL. This study concludes that the implementation of IND AS will definitely have significant impact on the profit and financial position of those telecom service sector companies which will be required to follow these standards as per criteria fixed. The main areas which will be effected are, Income for the year, Annual license fee payable, Profit/Loss for the year, Value of fixed assets, Depreciation charged during the year, Working capital (value of current assets & current liabilities), Capital employed.

- **Dr. Varadraj Bapat, Prof. Mehul Raithatha,** (2010) has conducted a study on "Corporate Transparency through Implementation of Indian Accounting standards". The main purpose of the study is to check whether; a significant relationship exists between the level of transparency in financial reporting and a number of key corporate characteristics like age of company, leverage, size, profitability etc. For the purpose of analysis of data Regression Analysis has been used. 30 BSE listed companies were selected as sample. The data was collected from the Annual reports of the selected companies. For the purpose analysis compliance index has been constructed. ICAI has issued 32 accounting standards, as applicable to the companies as on 31st March 2008, but for conducting this study 17

significant accounting standards were selected. The study concludes that the selected companies have shown high degree of compliance with disclosure requirements of Accounting Standards, irrespective of size, profitability, leverage and age. This study also concludes that large sized companies are following the disclosure requirements better than the small sized companies.

International Reviews

- **Russell Craig and Joselito Diga, (1998)** has conducted a study on "Corporate Accounting Disclosure in ASEAN". This study analyses corporate annual report disclosure practices in 5 Association of South East Asian Nations (ASEAN) countries: Thailand, Malaysia, Singapore, Philippines and Indonesia. The foremost objective of the study is, to ascertain the extent, nature and pattern of corporate disclosure in selected ASEAN countries and to find whether existing disclosure requirements would be conducive to accounting harmonisation in the ASEAN region. The data has been collected from the annual reports of the selected 145 public companies listed on ASEAN stock exchanges. For the purpose of analysis of disclosure practices, a checklist and a model has been prepared. This study concludes that selected ASEAN countries follows relatively high level disclosure requirements: 68% of disclosure requirements were common to three or more countries. However, this paper has found numerous areas where national disclosure requirements could be reviewed to create an improved and more harmonious regional disclosure environment.

- **Andy Wynne, (2004)** conducted a study on "Is the move to accrual based accounting a real priority for public sector accounting?" In this study some public sector organisations of UK has been taken as sample. The main purpose of the study is to give a look on the move from cash basis of accounting to accrual basis accounting. This study concludes that for accounting of public sector organisations, the cash basis of accounting is a tested, robust, simple and well-tried approach. On the other hand, the accrual basis fails, even in its own terms, to account adequately for government debt, and many other unique aspects of public sector accounting have yet to be adequately resolved. This study infer that there may be some benefits of accrual basis of accounting, but the costs, risks and disadvantages cannot be

ignored. For several nations, it may not be appropriate to use accrual basis of accounting for public sector and should not be given high priority.

- **Marjan Petreski, (2006)** studied "The Impact of International Accounting Standards on Firms". The main purpose of the study is to check the effect of IAS adoption on firms' decision making process, management and on financial statements. For the purpose of analysis the author conducted a case study on Saint-Gobain Group and checked the impact of IAS on Balance Sheet and Income Statement. The paper concludes that the adoption of IAS has not only direct effect on the financial statement of the organisation, but has a lot of indirect effect on firms. In this way, their effects on decision making process and management could be considered as important, than their impact on the availability of relevant and crucial information, on the management's accountability, on the cost of capital etc. The impacts of applying IAS on firms are significant, several, positive and remarkable. This study infer that adopting process of IAS may have many hurdles, but then, IAS-complied accounting gives more true and fair picture for the business.

- **Adriana and Alexandra, (2006)** have studied "Cash versus accrual accounting in public sector". This paper intends to analyse the growth of movement from cash basis of accounting to accrual basis of accounting in case of Romania, public sector. The European Union has always been encouraged the member states to adopt the accrual basis of accounting for the public sector, that's why from the year 2006, Romania has started adopting the accrual basis of accounting for the public sector. This paper concludes that it is good for Romanian public sector to move from cash basis of accounting to accrual basis of accounting. There are several advantages of adopting accrual basis of accounting for the organization itself as well as for the external information users, but the accrual basis of accounting for public sector financial reporting has not gained universal acceptance. In Europe, there are a lot of countries who refuse to adopt accrual basis of accounting and have several doubts regarding the adoption of accrual basis of accounting.

- **Bonson and Tomas Escobar, (2006)** conducted "A Survey on Voluntary Disclosure on the Internet". For the purpose of study 300 European Union Companies have been taken. For the

purpose of analysis a check list has been prepared. The paper concludes that the selected European companies voluntary disclose information on the Internet and the European companies have recognized the significance of the Internet as a corporate reporting media. This study inferred that the information provided on the Internet by leading European firms depends on the sector, size and country of origin of the company. This study shows that European companies are highly interested in reporting both financial and non-financial through digital media. Through digital reporting companies can improve the relations with the stakeholders and can attract the potential investors worldwide.

- **Khaled Dahawy and Teresa Conover, (2007)** have conducted a study on "Accounting Disclosure in Companies Listed on the Egyptian Stock Exchange". The main purpose of the research is to analyse the disclosure of the financial statements for the year 2004 of the population of actively traded companies in the Egyptian Stock Market. For the purpose of the study 15 Egyptian Stock Exchange listed companies have been selected as sample. Disclosure checklist developed by Egyptian Capital Market Authority (CMA) is used to measure the degree of compliance of the selected companies with the required disclosure. This study concludes that the disclosure level for the companies is averaged 61% of the required level that is mandated by the Egyptian Capital Market Authority requirements based on IAS.

- **Imad M. Al-Atiqi Mohamed El-Azma, (2007)** conducted a study on "Funding and Financial Performance of Private Higher Education Institutions in Kuwait". The main purpose of the study is to identify the funding strategies of selected private higher institutions in Kuwait and to analyse the financial performance of selected institutions. The model gives a comprehensive depiction of the components of financial reporting analysis for the purpose of financial monitoring with respect to universities and other higher educational institutions in Kuwait. This paper concludes that disclosure is still in a developing phase with improving transparency as governance activity is imposed and financial analysis shows that while return on investment improves with time, most institutions show a shortage of liquidity.

- **Aliyu Sulaiman Kantudu and Muhammad Tanko, (2008)** has done a study on "Compliance with the requirements of accounting standard by quoted companies in Nigeria". The main purpose of the study is to identify the level of compliance with the requirements of statement of Accounting Standards (SAS) number 16 by Insurance Companies listed on the Nigerian Stock Exchange (NSE). This study focuses on to examine whether or not the selected insurance companies in Nigeria follow the requirements of the standard relating to Accounting for Insurance Business. For the purpose of the study 5 insurance companies has been taken as sample. This study concludes that a gap exists between what insurance companies do and what is required of them according to SAS 16. The compliance with the requirements of SAS 16 by listed insurance companies is 76.9% which is not bad and this paper stated to it as compliance within the semi-strong range, but this is inadequate as accounting standards are expected to be followed with its totality that is one hundred percent compliance.

- **Bader Al-Shammari, Philip Brown and Ann Tarca, (2008)** have worked on "An investigation of compliance with international accounting standards by listed companies in the Gulf Co-Operation Council member states". For the purpose of the study 137 companies listed in the Gulf Co-Operation Council member states (Bahrain, Oman, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates) have been selected as sample. This study investigates compliance with international accounting standards by the selected companies. The study concludes that compliance increased over time, from 68% in 1996 to 82% in 2002. This shows that compliance with IASs is improving gradually; though, there is no single company which has fully complied with all relevant IASs in any year within the study period so IASs are accepted by law but they are not in practice completely, as significant noncompliance is observed. Although from 1996, these countries had gradually made IASs mandatory for all the companies and compliance got better over the time.

- **Abubakar Sadiq Kasum, (2010)** studied "The impact of compliance with Accounting Standards on asset and profitability of Nigerian quoted companies". For the purpose of the study 44 companies that prevailed prior to the beginning of standardization in Nigeria in 1984 and which have unbroken financial records with the Nigerian Stock Exchange, were

taken as sample for the study. For the purpose of analysis the data has been collected from the annual reports of selected companies and from the Nigerian Stock Exchange. To test the impact of compliance Spearman's Rank Correlation and Pearson Product Moment were used, and to analyse the extent of compliance the student 'T' statistic was used. This paper concludes that although the Nigerian companies comply with accounting standards but the level of compliance is not up to the international benchmark. The paper also concludes that the profitability and net-assets improved by high compliance, but the improvements are not as such significant. So there is still room for improvements for corporate compliance to accounting standards.

- **Geoffrey Tickell, (2010)** has worked on "Cash to Accrual Accounting: One Nation's Dilemma". The objective of the study is to give a report on migration from cash to accrual basis of accounting by the public sector of Fiji. Fiji has attempted twice the migration from cash to accrual accounting on two previous occasions (i.e., 1994 and 1998), but both the attempt proved unsuccessful. In 2005, Fiji attempted the movement from cash to accrual, once again. The data has been collected through semi-structured interviews and the interviewees are the supporters involved in the government's movement from cash to accrual accounting. There were two series of interview first series occurred in Fiji in 2004 and second in 2008. The participants were from the Attorney General's Department, the Lands Department, the Auditor General's office and the Finance Department. The paper concludes that the movement from cash-based accounting to accrual-based accounting is far easier said than done. In Fiji, the project is continuing at a very slow pace.

- **Iuliana Cenar, (2011)** conducted a study on "Financial reporting in education institutions the implications of the transition to accrual accounting". The basic objective of the study is to analyse the effect of movement from cash basis to accrual basis on the characteristics and content of financial reports of the selected higher education institutions. This study concludes that, however there are different opinions regarding both the accounting models i.e. cash and accrual, the accounting professionals admit that, for fulfilling the today's requirement of the organisations and users of financial information, accrual accounting is the best to adopt. The accrual accounting helps in forecasting of incomes and expenditures and also helps in taking

wise decisions, but accrual accounting includes some new items to the structure of financial statements like: cash flow statement, earnings account, statement of changes in net assets/equity, and the annexes include, among others, accounting policies.

- **Abeygunasekera A.W.J.C. and Fonseka A. T., (2011)** conducted a study on "Non-compliance with standard accounting practices by small and medium scale enterprises in Sri Lanka". For the purpose of study SMEs of Sri Lanka has been taken as sample. The basic purpose of the study is to find the accounting practices adopted by the SMEs in Sri Lanka and to find the factors leading to non-compliance of the accounting standard by the SMEs. The conceptual framework of the study comprised of 5 independent variables and 1 dependent variable. The independent variables are: Availability of qualified employees, Parties interested in the financial reports in addition to the owners of the SME, Cost of compliance with standard accounting practices, Relevance of published standards and guidelines specifically to SMEs and Knowledge and competence of the owners regarding Standard accounting practices. The dependent variable is Noncompliance with the Standard accounting practices by the SMEs. The study inferred that that, the SMEs of Sri Lanka does not comply with the accounting standards not only because they cannot comply with them but they do not want to comply even when they are able to do so. This shows the unwillingness of SMSs to follow accounting standards.

- **Saman Mohammadi, Mohamahhadi Maher and Sahar Zare, (2012)** conducted a study on "Implementation of full accrual basis in governmental organizations (Case Study: Shiraz University of Technology, Iran)". For the purpose of the study Shiraz University of Technology, Iran has been taken as sample. In 2011-12 Shiraz University started applying accrual basis of accounting and implemented it successfully so, this university known as the pioneers in applying the accrual basis of accounting. In the present study, all requirements and methods of accomplishing this project in Shiraz University will be described and explained. Research methodology used in this study to explain theoretical issues and collecting data is library and descriptive base. This study concludes that the implementation of the accrual basis by Shiraz University has been proved praiseworthy, thus this study

recommends all other universities to adopt accrual basis of accounting and can get several benefits of it.

- **Marissa M. Hassan, (2013)** has conducted a study on "Debates on accrual accounting in the public sector: a discrepancy between practitioners and academicians" This paper focuses on reconsidering the arguments regarding accrual accounting in the public sector and shows how incongruity of opinions either in favour or against, occurs based on the contributors of the literature. The study is done by examining the literature regarding the use of accrual basis of accounting in the public sector. Literature was collected through the period when New Public Management (NPM) led the change to accrual accounting which was around 1980s until 2012. This study concludes that a huge percentage from practitioners sources choose for accrual accounting while most of literature from academicians was not in favour of accrual accounting. Academicians and practitioners, instead of working together to contribute to the growth of accrual accounting, are more like separate parties pursuing their own plans.

Need of the Study

After going through the Literature Review it has been found that no study or research has been conducted in higher educational area so there is great need to do the research in higher educational area to know the compliance of Accounting Standards in higher Educational universities/institutes.

A number of in-depth studies have been carried out to examine the compliance of accounting standards in other sectors. But no attempt has been made to study the compliance of accounting standards in higher educational institutes. Since Accounting Standards issued by the ICAI made mandatory to higher educational institutions recently, there has hardly been any attempt to examine the compliance of accounting standards in higher educational institutes. Therefore, it is vital that a comprehensive study be undertaken to examine compliance of accounting standards in higher educational institutes.

Objectives of the Study

- To examine the compliance of accounting standards in selected Central Higher Educational Institutions/universities of India.
- To identify the problems related to change in adopting accounting from cash to accrual.
- To make a comparative analysis of Implementation of Accounting Standards in selected Higher Educational Institutions/universities of India.
- To assess the impact on productivity and surplus of selected Central Higher Educational Institutions/universities on account of Accounting Standards.
- To analyse the perception of accounting professionals/practitioners regarding accounting practices adopted by Higher Educational Institutions/universities of India.

Research Methodology

Sampling Technique

The accounting standards are applicable to all Central Higher Educational Institutions/universities under the regulatory ambit of University Grant Commission (UGC) or receiving grants from UGC, technical institutions under regulatory ambit of All India Council for Technical Education (AICTE), teacher education institutions under the regulatory ambit of The National Council for Teacher Education (NCTE) and schools affiliated to The Central board of Secondary Education (CBSE). The study is concerned about higher education so Central Higher Educational Institutions and universities under UGC or AICTE will be taken as sample. In order to carry out the study five Indian Institutes of Technology (IIT), five Indian Institutes of Management (IIM) and five Central Universities will be taken into consideration on the basis of year of establishment.

Data Collection for Research

Primary Data- Primary data will be collected through construction of questionnaire and the questionnaire will be served to 150 Accounting professionals/practitioners through e-mail/post and selection of such professionals/practitioners will be based on their engagement in Educational Institutions.

Secondary Data - Secondary data will be collected from Annual Financial Reports of selected Educational institutes/universities and researches published in journals, web sites, periodicals, magazines and newspapers.

Tools for Analysis

For achieving the objectives of the study various statistical tools will be used as per the requirement of the study. Along with statistical tools various mathematical tools like percentage and ratios will also be used in analyzing reports. Graphical and tabular mode will also be used for presentation of information.

Duration of the Study

A period of four Financial years from 2011-12 to 2014-15 will be taken into consideration for the purpose of study. The year 2011-12 and 2012-13 is the pre-period and 2013-14 and 2014-15 is the post-period in compliance of the order of MHRD for implementation of Accounting Standards.

Research Hypotheses

Ho-1: There is no impact of change of Accounting on surplus of selected Higher Educational Institutions/Universities.

Ho-2: There is no impact of change of Accounting on productivity of selected Higher Educational Institutions/Universities.

The researcher may also frame other suitable hypothesis during the study.

Specific Methodology

S. No.	Objectives	Methodology
1.	To examine the compliance of accounting standards in selected Central Higher Educational Institutions/universities of India.	In order to meet out this objective the information will be collected from the financial reports of the individual institutes/universities and check list will be constructed on the basis of Accounting Standards followed by these institutes/universities.
2.	To identify the problems related to change in adopting accounting from cash to accrual.	This object will be achieved by making a list showing all the problems which, Educational Institutions are facing while changing the basis of accounting from cash to accrual.
3.	To make a comparative analysis of Implementation of Accounting Standards in selected Higher Educational Institutions/universities of India.	This objective will be met by using the descriptive statistical techniques and inferential statistical techniques as per the requirement of the study.
4.	To assess the impact on productivity and surplus of selected Central Higher Educational Institutions/universities on account of Accounting Standards.	This objective will be met by using the descriptive statistical techniques and inferential statistical techniques as per the requirement of the study. The productivity will be assessed by cost effectiveness.
5.	To analyse the perception of accounting professionals/practitioners regarding accounting practices adopted by Higher Educational Institutions/universities of India.	For this purpose questionnaire will be constructed and served to 150 Accounting professionals/practitioners through e-mail/post and selection of such professionals/practitioners will be based on their engagement in Educational Institutions.

Proposed Chapter Plan

Chapter Number	Chapter Name
Chapter One	Introduction
Chapter Two	Review of Literature
Chapter Three	Compliance of Accounting Standards in selected Central Higher Educational Institutions/universities of India.
Chapter Four	Problems in conversion of cash basis of accounting to accrual basis of accounting
Chapter Five	A comparative analysis of implementation of Accounting Standards
Chapter Six	The impact on productivity and surplus of selected Central Higher Educational Institutions/universities
Chapter Seven	Analysis of the perception of accounting professionals/practitioners
Chapter Eight	Conclusion and Suggestions

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